

## Message Text

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TAGS: ENRG

SUBJECT: GOA REQUEST FOR INFORMATION ABOUT US ENERGY  
LEGISLATION

REF: VIENNA 10647

1. THE RECENTLY ENACTED COMPREHENSIVE ENERGY BILL PROVIDES UNDER TITLE I, FOR THE ESTABLISHMENT OF A STRATEGIC OIL RESERVE OF NOT LESS THAN 90 DAYS OF CRUDE OIL IMPORTS (APPROXIMATELY 390 MILLION BARRELS AT PRESENT IMPORT LEVELS) NOR MORE THAN ONE BILLION BARRELS. THE LAW DOES NOT MAKE EXPLICIT THE SPECIFIC RESERVE SIZE OR COMPLETION SCHEDULE BUT DOES SET TIME AND QUANTITY GOALS WHICH THE PLAN SHALL FOLLOW TO THE MAXIMUM EXTENT POSSIBLE, E.G., THE PLAN SHALL ADHERE TO A SEVEN YEAR TIMETABLE. RESERVES WILL BE ESTABLISHED IN TWO STAGES, VIZ, EARLY STORAGE PROGRAM AND LONG-TERM PROGRAM.

2. THE BILL AUTHORIZES AND REQUIRES CONSTRUCTION AND FILLING OF AN EARLY STORAGE PROGRAM WITH A CAPACITY FOR 150 MILLION BARRELS TO BE COMPLETED IN THREE YEARS. PLANS  
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FOR SUCH A PROGRAM WILL BE SUBMITTED TO CONGRESS WITHIN

90 DAYS.

3. CONSTRUCTION OF FACILITIES FOR THE LONG-RANGE PROGRAM REQUIRES PRESENTATION OF AN OVERALL PLAN WITHIN ONE YEAR WHICH CAN BE DISAPPROVED BY EITHER HOUSE OF CONGRESS WITHIN 60 DAYS. THE FILLING OF SUCH FACILITIES IS SUBJECT TO ADDITIONAL AUTHORIZING LEGISLATION.

4. THE COMPREHENSIVE ENERGY BILL ALSO AUTHORIZES THE INDUSTRY STORAGE RESERVE PROGRAM, UNDER WHICH THE FEA MAY REQUIRE THAT EACH OIL COMPANY MAINTAIN AS RESERVES UP TO THREE PERCENT OF REFINERY OUTPUT (APPROXIMATELY 180 MILLION BARRELS).

5. THE US GOVERNMENT IS EXPECTED TO FINANCE THE MAJOR PORTION OF COSTS UNDER BOTH THE EARLY STORAGE AND LONG-TERM PROGRAMS. OIL COMPANIES MAY BE REQUIRED TO PAY FOR THE COST OF STORAGE UP TO THREE PERCENT OF REFINERY OUTPUT AND WILL PROBABLY PASS SUCH COSTS ON TO CONSUMERS BY MEANS OF HIGHER PRODUCT PRICES.

6. THE PORTION TO BE FINANCED FROM GOVERNMENT REVENUES IS STILL UNDECIDED AND DEPENDS ON NATIONAL PETROLEUM RESERVES (NPR) LEGISLATION NOW IN CONFERENCE IN THE CONGRESS. THE NPR LEGISLATION COULD AUTHORIZE THE - PRESIDENT TO SELL OIL PRODUCED FROM NPR (E.G., NPR-1 AT ELK HILLS, CALIFORNIA) AND USE THE REVENUES TO FINANCE PURCHASE OF OIL FOR STRATEGIC OR MAY AUTHORIZE DIRECT STORAGE OF NPR OIL AS PART OF THIS RESERVE. ANOTHER FUNDING POSSIBILITY WOULD BE AN AUTHORIZATION FROM CONGRESS TO USE GENERAL TAX REVENUES.

7. FURTHER INFORMATION ON FUNDING OF THE STRATEGIC OIL STORAGE FACILITY WILL BE FORTHCOMING WHEN CONGRESS AND THE PRESIDENT HAVE ACTED ON PENDING NPR LEGISLATION. ROBINSON

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